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31 January 1974

MEMORANDUM FOR FILE

SUBJECT: Conferences for Corporation Executives--
"Latin America 1974"

1. During the past two days, I joined more than 200 other participants in the third of a series of four Washington policy seminars sponsored this fiscal year by The Johns Hopkins University's School of Advanced International Studies (SAIS). This was by far and away the largest attendance to date. It was, however, at the same time the least rewarding seminar in the series. In part this resulted from the disappointing caliber of the U.S. government panelists: State's Deputy Assistant Secretary for Inter-American Affairs is a lightweight, and the Director, Latin American Division, Office of International Marketing, Commerce Department, has no apparent qualifications for the job other than longevity.

2. The focus of the seminar was on Mexico, Brazil, and the Andean Common Market. For some time I have been aware of the rapid economic strides being made by Mexico, a country which receives no economic or military aid from the United States. I was, however, not prepared for the eye-opening discussion of Brazil. With a GDP (Gross Domestic Product) of some 66 billion dollars, a population of 105 million, and an annual growth rate in the range of 10-11 per cent, Brazil's great inflation (15.5 per cent in 1973) is the lowest in 20 years, while its foreign trade (at 14 billion dollars) rose 50 per cent last year. The consensus view is that as a new government prepares to take office Brazil's rapid economic growth will continue throughout the decade, and that the present authoritarian regime will survive, although there will be a gradual shift to a more benign dictatorship. What was chilling, was the detailed presentation of the plethora of economic controls, taxes, tax rebates, and incentives, which govern all economic life and which alter with region and sector, and which provide lawyers with an especially lucrative livelihood. I suspect that no other "private enterprise system"--not even Japan's--is so effectively controlled by the government. In the main, Brazil's growth is a direct function of its rapidly growing exports, which in due course will engender ever-increasing charges by other countries, including our own, of dumping.

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3. My conference badge, which indicates my place of employment, always serves as an interesting conversation piece. The current group of businessmen took the initiative to discuss intelligence more openly than had their predecessors. One, in particular, the Latin American Regional Director for Westinghouse International, asked how he could tap into the Agency. It seems that he puts together reports for management on the outlook on a number of Latin countries, based in part on reports from the field. He would like to have his conclusions vetted by a group he believes to be even more knowledgeable, namely the CIA-- he disparages Commerce, and is suspicious of both State and Treasury. I have passed this notion along to the D/OER who, as expected, has major reservations about serving specific American corporations in this manner. Nonetheless, from time to time on an ad hoc basis, it may be possible via [] to work out a quid pro quo to our mutual advantage. Lastly, my poll of luncheon partners indicates that Commerce's trade promotional activities in the field are of little or no assistance to them. Since the award by OMB of such slots competes directly with economic reporting slots for the Foreign Service, I plan to reiterate this perception in my study on economic intelligence.

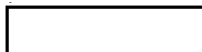


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